

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **ASIAN CITRUS HOLDINGS LIMITED**

**亞洲果業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 73)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO A POTENTIAL ACQUISITION**

This announcement is made by Asian Citrus Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide its shareholders and potential investors with updated information in relation to the latest business development of the Group.

#### **MEMORANDUM OF UNDERSTANDING**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 21 October 2020 (after trading hours), Shenzhen First Class Fruits Company Limited (深圳市冠華水果商城有限公司) (the “**Potential Purchaser**”), a wholly-owned subsidiary of the Company, as potential purchaser, entered into a non-legally binding memorandum of understanding (the “**MOU**”) relating to the Potential Acquisition (as defined below) (save for the provisions listed under the paragraph headed “Non-legally binding effect” below) with Mr. Gao Xiwu\* (高錫武) as the potential vendor (the “**Potential Vendor**”).

To the best of the Directors’ knowledge, information and belief having made reasonable enquiries, the Potential Vendor is a third party independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the “**Listing Rules**”).

Pursuant to the MOU, the Potential Purchaser intends to acquire, or to nominate a member of the Group to acquire, and the Potential Vendor intends to dispose of, his entire interest in a building complex comprising four building blocks as plant, office premises, warehouse and staff quarters located in Longgang Town, Shenzhen, the People’s Republic of China (中華人民共和國深圳市龍崗鎮) (collectively, the “**Target Property**”) free from encumbrances (the “**Potential Acquisition**”). Due diligence review on the Target Property will be commenced upon signing of the MOU and the parties will negotiate in good faith with a view to entering into a legally binding definitive agreement in relation to the Potential Acquisition (the “**Definitive Agreement**”) within the Exclusivity Period (as defined below).

## **Exclusivity Period and Earnest Money**

Pursuant to the MOU, the Potential Vendor has undertaken with the Potential Purchaser not to (whether directly or indirectly through his representatives), during the period from the date of the MOU to 20 January 2021 or such other date as agreed in writing by the parties (both days inclusive) (the “**Exclusivity Period**”), discuss, negotiate and/or enter into any agreement, arrangement or understanding with any other party with respect to the disposal of all or any part of the Target Property. Pursuant to the MOU, RMB5 million would be payable as earnest money (the “**Earnest Money**”) by the Potential Purchaser to the Potential Vendor upon signing of the MOU. If the Definitive Agreement shall be signed, the Earnest Money shall be applied as deposit for the Potential Acquisition upon signing of the Definitive Agreement. If the parties fail to enter into a Definitive Agreement before the expiry of the Exclusivity Period or the MOU is otherwise terminated for any reason whatsoever, the Potential Vendor shall be under an obligation to return the Earnest Money in full without any deduction and set off to the Potential Purchaser within two days of the date of termination of the MOU or notice in writing by the Potential Purchaser (whichever is earlier).

## **Term**

The term of the MOU commences on the date of the MOU and will expire on 20 January 2021 or such other date as agreed in writing by the parties (both days inclusive) (i.e. the Exclusivity Period). The MOU will be terminated upon the earlier of (i) the expiry of its term, (ii) the entering into of the Definitive Agreement, or (iii) any notice of termination by the Potential Purchaser in the event of any breach of the obligation on exclusivity by the Potential Vendor.

## **Non-legally binding effect**

The Potential Acquisition and other provisions in the MOU do not create any legally binding obligations on the parties, save for the provisions relating to Exclusivity Period, Earnest Money, term, confidentiality, and governing law and jurisdiction.

## **REASONS FOR AND BENEFITS OF THE POTENTIAL ACQUISITION AND POSSIBLE FUND RAISING**

The Group is principally engaged in (i) planting, cultivation and sales of agricultural produce and (ii) the distribution of various high-quality fruits (“**Fruit Distribution Business**”) in the People’s Republic of China.

The Group has been continuously developing and expanding its principal businesses. The Board considers that the Target Property would serve to facilitate the development and expansion of the Fruit Distribution Business and its operations by, among others, providing more area for plant, warehouses, office premises and staff quarters. The Directors consider that it is in the interests of the Company and its shareholders as a whole to enter into the MOU and engage in negotiations in respect of the Potential Acquisition.

It is expected that the Company would require financing for the Potential Acquisition, if proceeded and materialised. The Company may consider conducting fund-raising exercise, which may include, rights issue, placing of new shares and other equity and debt fund-raising activities, to finance the Potential Acquisition and its future business development and expansion.

## **GENERAL**

As at the date of this announcement, the Potential Acquisition is still subject to negotiations and no legally binding agreement on the subject matter has been entered into. The Potential Acquisition, if proceeded and materialised, will constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Also, no legally binding agreement has been made as regards any fund-raising exercise of the Company as at the date of this announcement. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

**Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Asian Citrus Holdings Limited**  
**Ng Ong Nee**  
*Chairman*

Hong Kong, 21 October 2020

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Ong Nee (Chairman and Chief Executive Officer) and Mr. Ng Hoi Yue (Deputy Chief Executive Officer); a non-executive Director, namely Mr. He Xiaohong; and three independent non-executive Directors, namely Mr. Chung Koon Yan, Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Yang Zhen Han.*

\* *For identification purpose only*